



MONTGOMERY COUNTY OFFICE OF BUSINESS RELATIONS AND COMPLIANCE

MINORITY, FEMALE, AND DISABLED PERSONS (MFD) PROGRAM

ANNUAL REPORT

FISCAL YEAR 2013

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Executive Summary

The Office of Business Relations and Compliance is responsible for reporting the Minority, Female and Disabled Persons Owned Business Program (MFD) Annual Report for minority businesses activity in accordance with Section 11B-61 of the Montgomery County Code and the Montgomery County Procurement Regulations.

The MFD Office operates under the Office of Business Relations and Compliance (OBRC) in the Department of General Services (DGS). The mission of the MFD Office is to assist the County's registered vendors that hold one or more of the six minority certifications (listed below) that are recognized by the County as a business owned by a minority, female or disabled person in gaining contracting opportunities. Certified MFD vendors are eligible as either prime contractors or sub-contractors for County contract awards in the amount \$50,000 or greater. Grants, utilities, intra/inter-governmental procurements are not subject to the MFD Law.

Minority Certifications Recognized By The County

Agency	Program	Description	Website
Maryland Department of Transportation	Minority Business Enterprise	MDOT Certified MBE and/or DBE Businesses (MDOT-MBE)	http://mbe.mdot.state.md.us
Virginia Department of Small, Women and Minority Owned Business Program	Small, Woman and Minority	Virginia Small, Women, Minority Businesses(SWAM)	http://www.dmbv.virginia.gov/swamcert.html
Federal Small Business Administration	8(a) Program	8(a) Certified Businesses (SBA-8a)	http://dsbs.sba.gov
Women's Business Enterprise National Council	Women's Business Enterprise	Women's Business Enterprise (WBENC)	http://www.wbenc.org
Maryland/District of Columbia Minority Supplier Development Council	Minority Business Enterprise	Minority Business Enterprise(MSDC)	http://affiliate.nmsdc.org/mddc/
City of Baltimore	Minority and Women's Business Opportunity Office	Minority and Women's Business Opportunity Office (MWBOO)	http://cityservices.baltimorecity.gov/mwboo/

The FY13 MFD Report provides statistical data on Montgomery County's utilization of MFD businesses as either prime contractors or sub-contractors. The availability of minority businesses is based on the 1992 U.S. Department of Labor Census data of businesses located in the Washington, DC-Baltimore Consolidated Metropolitan Statistical Area (CMSA). The County's Attorney's Office is conducting a new Disparity Study in FY14. Its findings and recommendations would impact the MFD program regulation and enforcement in the coming years.

In FY13, **20.08%** of all procurements subject to MFD regulations were awarded to MFD businesses.

In FY13, procurement spending towards MFD businesses reached \$148 million, a 63% increase from \$91 million in FY10. As represented in the table on page 7.

There is no single or overall established performance measure under County Code or regulation regarding MFD procurement. Performance measures are set by determining under-utilization by categories (Professional Services, Non-professional Services, Goods and Construction) and minority groups (African American, Hispanic American, Asian American, Native American, Female and Persons with Disabilities) from the previous year. No performance measure is set for a group in a category where County utilization exceeded availability of businesses. However, when a Minority, Female, Disabled Person Sub-contractor Performance Plan (MFD Plan) indicates a contract is subject to MFD requirements, the prime contractor must submit a plan that becomes a required attachment to the contract.

The prime contractor is required to submit an MFD Plan to identify MFD sub-contractor(s) and the percentage of total contract value to be distributed to the MFD sub-contractor(s) listed on the MFD Plan. Each MFD Plan is evaluated on good faith effort, which is based on:

- the scope of the contract
- the availability of minority sub-contracting businesses to the goods/services the prime contractor needs
- the dollar value of the contract
- the outreach efforts by the vendor to engage minority sub-contractors
- the justification provided in the waiver request

A comparison on the utilization of MFD businesses for the past four years, FY10 at 15.60%, FY11 at 18.82%, FY12 at 19.33% and FY13 at 20.08% demonstrates a steady increase of procurement activity and the level of minority businesses involvement in the process. This is demonstrated in the chart on page 7.

The following factors contributed to the increase of MFD procurement utilization for FY13:

- The MFD Office continues to establish stronger partnership with the using departments and the prime contractors.
 - The using departments are gaining confidence that minority businesses can be responsive and responsible in meeting contract requirements and demands by the County and prime contractors. Commitment and cooperation from the County staff and personnel that are involved in the procurement process provides a smoother and more productive MFD contracting process.
 - The prime contractors are encouraged by the using departments and the MFD Office to be more transparent and pro-active in providing sub-contracting opportunities to minority businesses.
- The MFD Office increased its presences at the pre-bid and pre-submission conferences, providing more program awareness.
- The increased use of automation in technology has improved the MFD operation process to allow staff more time for outreach to MFD vendors and assistance to the using departments and prime contractors.
- Outreach and networking events hosted and/or participated by the MFD Office increased the program awareness, and provided many partnership opportunities to the prime and sub-contractors, including:
 - July 25, 2012 -- Silver Spring Library - MFD vendor meet and greet outreach event (Hosted)
 - September 4, 2012 -- Maryland Hispanic Business Conference (Participated)
 - October 3, 2012 -- Montgomery County / Associated Builders & Contractors, Inc. Conference (Hosted)
 - October 17, 2012 -- Baltimore County & Baltimore Metro Council "Meet the Primes" Event (Participated)
 - October 31, 2012 -- 21st Baltimore-Washington Region Government Procurement Fair (Participated)
 - November 8, 2012 -- Demystifying the Bonding Process (Participated)
 - April 19, 2013 -- 23rd Annual Government Procurement Conference (Participated)
 - May 17, 2013 -- Montgomery County Chamber of Commerce's GovConNet Procurement Conference (Participated)
 - June 3, 2013 -- Montgomery County IT Business Open House (Hosted)
 - June 20, 2013 -- Minority Business Vendor Fair Trade Show (Participated)
 - June 27, 2013 -- Minority Business Enterprise University Conference (Participated)
- The Local Small Business Reserve Program (LSBRP) assisted Montgomery County based small minority businesses to gain more opportunities to enter into contracts as prime contractors, and consequently more MFD vendors participated as both prime and sub-contractors.
- The County expanded recognition of the MFD certifications from one certification to six certifications in 2010. In time, the expansion of the certifications will allow more recognized minority businesses to provide goods/services to the County either directly or through sub-contracting opportunities.

MFD participation demonstrates continued progress and the MFD participation for the last four years provided consistent increases in delivering contract awards to minority businesses. The County will continue its efforts to provide a minority businesses friendly contracting environment and provide an open and level playing field for these minority businesses.



MONTGOMERY COUNTY OFFICE OF BUSINESS RELATIONS AND COMPLIANCE

SECTION I

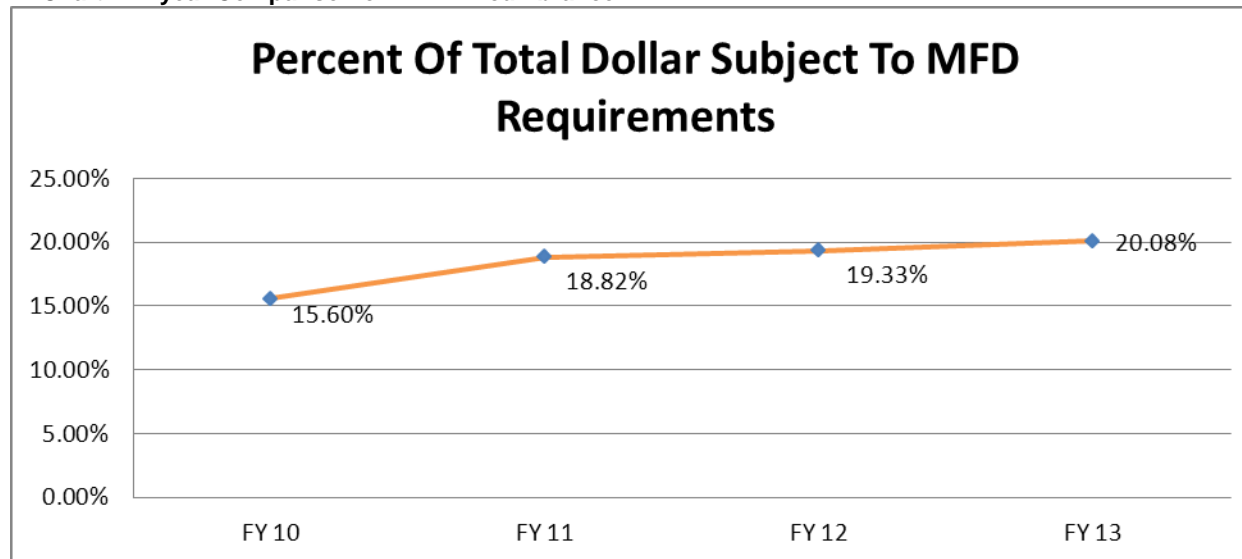
MFD PROCUREMENT PARTICIPATION REPORT

FISCAL YEAR 2013

FY10 – FY13 Comparison Of MFD Contract Activity

Fiscal Year	Total \$Subject to MFD	Total \$ Encumbered to MFD	Total # of Purchase Orders	Total # of Purchase Orders to MFD	% of Total \$ Encumbered to MFD	% of # of Purchase Orders to MFD
FY 13	738,405,857	148,285,518	6,364	2,334	20.08	36.68
FY 12	667,257,831	128,964,095	5,360	1,748	19.33	32.61
FY 11	833,800,971	156,897,426	4,541	1,524	18.82	33.56
FY 10	581,711,209	90,735,536	5,041	1,337	15.60	26.52

Chart 1: 4-year Comparison on MFD Encumbrance



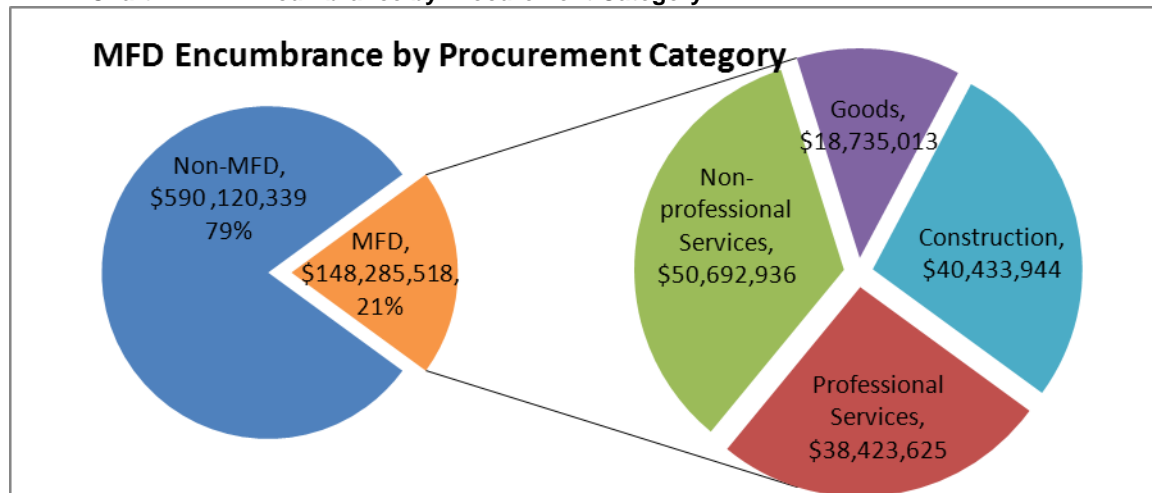
FY 13 MFD Contract Activity Summary By Procurement Category

MFD participation is measured in the following four procurement categories:

- Professional services
- Non-professional services
- Goods
- Construction

Procurement Category	Total \$Subject to MFD	Total \$ Encumbered to MFD	Total # of Purchase Orders	Total # of Purchase Orders to MFD	% of Total \$ Encumbered to MFD	\$ of # of Purchase Orders to MFD
Professional Services	318,335,658	38,423,625	2,298	920	12.07	40.03
Non-professional Services	175,693,500	50,692,936	2,023	690	28.85	34.11
Goods	120,685,214	18,735,013	1,781	590	15.52	33.13
Construction	123,693,485	40,433,944	262	134	32.69	51.15
TOTAL	\$738,407,857	\$148,285,518	6,364	2,334	20.08%	36.67%

Chart 2: MFD Encumbrance by Procurement Category



FY 13 Dollar Value To MFD Firms By Minority Group

Professional Services

Total Dollars Subject To MFD Requirements: **\$318,335,658**

MFD Group	Total \$ Encumbered to MFD	%of Total \$ Encumbered to MFD	Availability*
African American	3,755,764	1.18	1.01
Hispanic American	2,642,511	0.83	0.29
Asian American	22,782,736	7.16	0.75
Native American	108,800	0.03	0.08
Female	8,884,716	2.79	1.25
Person with Disabilities	249,098	0.08	0.07
Total	\$38,423,625	12.07%	12.51%

Non-professional Services

Total Dollars Subject To MFD Requirements: **\$175,693,500**

MFD Group	Total \$ Encumbered to MFD	%of Total \$ Encumbered to MFD	Availability*
African American	19,835,939	11.29	2.90
Hispanic American	15,983,481	9.10	0.98
Asian American	1,541,707	0.88	2.00
Native American	0	0.00	0.83
Female	13,095,799	7.45	11.94
Person with Disabilities	236,009	0.13	0.75
Total	\$50,692,936	28.85%	19.40%

* The availability of minority businesses is based on the 1992 U.S. Department of Labor Census data of businesses located in the Washington, DC-Baltimore Consolidated Metropolitan Statistical Area (CMSA).

FY 13 Dollar Value to MFD Firms by Minority Group

Goods

Total Dollars Subject To MFD Requirements: **\$120,685,214**

MFD Group	Total \$ Encumbered to MFD	%of Total \$ Encumbered to MFD	Availability*
African American	6,735,102	5.58	1.29
Hispanic American	282,449	0.23	0.57
Asian American	6,834,218	5.66	3.00
Native American	0	0.00	0.86
Female	4,882,044	4.05	11.09
Person with Disabilities	1,200	0.00	0.75
Total	\$18,735,013	15.52%	19.40%

Construction

Total Dollars Subject To MFD Requirements: **\$123,693,485**

MFD Group	Total \$ Encumbered to MFD	%of Total \$ Encumbered to MFD	Availability*
African American	260,293	0.21	2.23
Hispanic American	37,959,448	30.69	2.09
Asian American	455,129	0.37	3.00
Native American	0	0.00	0.54
Female	1,759,074	1.42	9.98
Person with Disabilities	0	0.00	0.75
Total	\$40,433,944	32.69%	19.40%

* The availability of minority businesses is based on the 1992 U.S. Department of Labor Census data of businesses located in the Washington, DC-Baltimore Consolidated Metropolitan Statistical Area (CMSA).

FY13 MFD Utilization and Availability

	Prime Contractor		Sub-Contractor		Total Contractor		County Utilization (%)	FY13 Availability*(%)	FY14 Goal (%)
Professional Services	Dollars Subject to MFD Requirements:				\$318,335,658	2,298			
African American	1,171,960	21	2,583,804	200	3,755,764	221	1.18	1.01	--
Hispanic American	437,869	10	2,204,642	65	2,642,511	75	0.83	0.29	--
Asian American	20,650,659	130	2,132,077	92	22,782,736	222	7.16	0.75	--
Native American	0	0	108,800	1	108,800	1	0.03	0.08	0.10
Female	4,603,606	286	4,281,110	106	8,884,716	392	2.79	1.25	--
Person with Disability	249,098	9	0	0	249,098	9	0.08	0.07	--
Sub Total	\$27,113,192	456	\$11,310,433	464	\$38,423,625	920	12.07%	12.51%	
Non-professional Services	Dollars Subject to MFD Requirements:				\$175,693,500	2,023			
African American	12,296,994	27	7,538,945	212	19,835,939	239	11.29	2.90	--
Hispanic American	12,908,254	110	3,075,227	55	15,983,481	165	9.10	0.98	--
Asian American	1,473,854	24	67,853	18	1,541,707	42	0.88	2.00	2.00
Native American	0	1	0	0	0	1	0.00	0.83	1.00
Female	10,689,340	115	2,406,460	117	13,095,800	232	7.45	11.94	12.00
Person with Disability	107,950	3	128,059	8	236,009	11	0.13	0.75	1.00
Sub Total	\$37,476,392	280	\$13,216,544	410	\$50,692,936	690	28.85%	19.40%	
Goods	Dollars Subject to MFD Requirements:				\$120,685,214	1,781			
African American	419,662	9	6,315,440	104	6,735,102	113	5.58	1.29	--
Hispanic American	34,020	4	248,429	13	282,449	17	0.23	0.57	1.00
Asian American	0	0	6,834,218	93	6,834,218	93	5.66	3.00	--
Native American	0	0	0	0	0	0	0.00	0.86	1.00
Female	1,296,070	62	3,585,974	304	4,882,044	366	4.05	11.09	12.00
Person with Disability	0	0	1,200	1	1,200	1	0.00	0.75	1.00
Sub Total	\$1,749,752	75	\$16,985,261	515	\$18,735,013	590	15.52%	19.40%	
Construction	Dollars Subject to MFD Requirements:				\$123,693,485	262			
African American	0	1	260,293	9	260,293	10	0.21	2.23	2.50
Hispanic American	35,905,807	78	2,053,641	26	37,959,448	104	30.69	2.09	--
Asian American	0	0	455,129	2	455,129	2	0.37	3.00	3.00
Native American	0	0	0	0	0	0	0.00	0.54	1.00
Female	1,670,197	16	88,877	2	1,759,074	18	1.42	9.98	10.00
Person with Disability	0	0	0	0	0	0	0.00	0.75	1.00
Sub Total	\$37,576,004	95	\$2,857,940	39	\$40,433,944	134	32.69%	19.40%	
Total Dollars Subject to MFD Requirements					\$738,407,857	6,364			
Total MFD Encumbrance					\$148,285,518	2,334	20.08%		

* The availability of minority businesses is based on the 1992 U.S. Department of Labor Census data of businesses located in the Washington, DC-Baltimore Consolidated Metropolitan Statistical Area (CMSA).



MONTGOMERY COUNTY OFFICE OF BUSINESSES RELATIONS AND COMPLIANCE

SECTION II

MFD PARTICIPATION BY REQUEST FOR PROPOSAL (RFP)

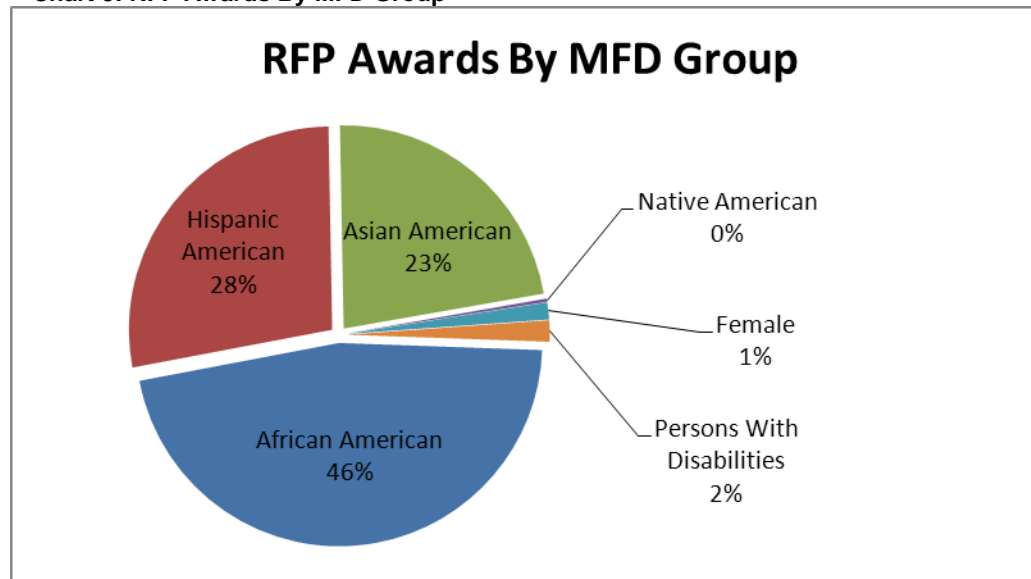
FISCAL YEAR 2013

Total Dollars And Percent Value Of RFPs To Each MFD Group

This section reports awards to MFD businesses resulting from proposals submitted in responding to formal Requests for Proposal (RFP) issued by the County during FY13. The report tracks the number of MFD businesses participating in the process as prime contractors without respect to subcontractors, and lists contract award dollar amounts and number of awards. The total dollar value for RFPs issued in FY13 was \$188,629,934. Of that amount, MFD businesses were awarded **\$14,794,368** or 7.84%. Out of 207 total proposals responding to the RFPs, 53 (25.60%) were submitted by MFD businesses. Out of 77 contract awards, 17 (22.08%) were awarded to MFD businesses.

	# of Awards	% of # of Awards	Award Dollar Value	% of Dollar Value	% of Total MFD RFP \$ (chart 3)	# of Proposals Submitted	% of Proposals Submitted
African American	5	6.49	6,873,887	3.64	46.46	17	8.21
Hispanic American	5	6.49	4,097,148	2.17	27.69	11	5.31
Asian American	3	3.90	3,333,333	1.77	22.53	5	2.42
Native American	1	1.30	40,000	0.02	0.27	1	0.48
Female	2	2.60	200,000	0.11	1.35	17	8.21
Persons With Disabilities	1	1.30	250,000	0.13	1.69	2	0.97
Total MFD Businesses	17	22.08%	\$14,794,368	7.84%	100.00%	53	25.60%
Non-MFD Businesses	60	77.92%	\$173,835,566	92.16%	--	154	74.40%
Total Businesses	77	100.00%	\$188,629,934	100.00%	--	207	100.00%

Chart 3: RFP Awards By MFD Group





MONTGOMERY COUNTY OFFICE OF BUSINESS RELATIONS AND COMPLIANCE

SECTION III

MFD PARTICIPATION BY INVITATION FOR BIDS (IFBs)

FISCAL YEAR 2013

Total Dollars And Percent Value Of IFBs To Each MFD Group

This section reports awards to MFD businesses resulting from bids submitted in responding to formal Invitation For Bids (IFBs) issued by the County during FY13. The report tracks the number of MFD businesses participating in the process as prime contractors without respect to subcontractors, and lists contract award dollar amounts and number of awards. The total dollar value for IFBs issued in FY13 was \$155,501,814. Of that amount, MFD businesses were awarded **\$43,341,361** or 27.87%. Out of 219 total bids responding to the IFBs, 53 (24.20%) were submitted by MFD businesses. Out of 91 total awards, 12 bids (13.19%) were awarded to MFD businesses.

	# of Awards	% of # of Awards	Award Dollar Value	% of Dollar Value	% of Total MFD IFB \$ (Chart 4)	# of Bids Submitted	% of Bid Submitted
African American	1	1.10	105,999	0.07	0.24	17	7.76
Hispanic American	7	7.69	35,606,622	22.90	82.15	11	5.02
Asian American	0	0.00	0	0.00	0.00	5	2.28
Native American	0	0.00	0	0.00	0.00	1	0.46
Female	4	4.40	7,628,740	4.91	17.60	17	7.76
Persons With Disabilities	0	0.00	0	0.00	0.00	2	0.91
Total MFD Businesses	12	13.19%	\$43,341,361	27.87%	100.00%	53	24.20%
Non-MFD Businesses	79	86.81%	\$112,160,453	72.13%	--	176	80.37%
Total Businesses	91	100.00%	\$155,501,814	100.00%	--	219	100.00%



MONTGOMERY COUNTY OFFICE OF BUSINESS RELATIONS AND COMPLIANCE

SECTION IV

MFD PARTICIPATION BY SELECTED DEPARTMENTS

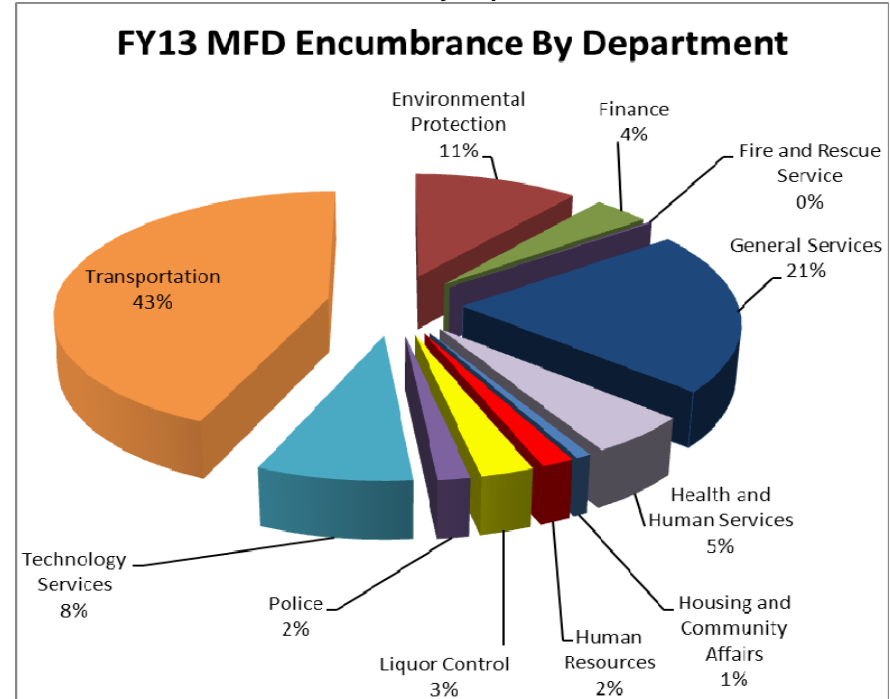
FISCAL YEAR 2013

FY13 Department MFD Participation Summary *

MFD participation by selected departments focuses on those departments that have procurements of any type exceeding \$5 million in the aggregate or procurements for professional services exceeding \$1 million in the aggregate. For FY13, twelve (12) departments met the criteria. The data reports for each of these departments on total dollars encumbered in all purchasing categories subject to MFD participation. Listed below is a summary of the eleven departments and their MFD utilization in FY13. Note that non-profit businesses are excluded from the MFD participation requirements.

Departments	FY13			
	Total \$ Subject to MFD	MFD Utilization \$	% of MFD Utilization	% of Total MFD \$ (Chart 5)
Correction and Rehabilitation	3,101,750	15,676	0.51	0.01
Environmental Protection	73,663,412	16,225,369	22.03	11.05
Finance	13,906,062	5,589,987	40.20	3.81
Fire and Rescue Service	9,723,727	288,163	2.96	0.20
General Services	187,757,370	31,242,124	16.64	21.27
Health and Human Services	24,883,568	7,753,546	31.16	5.28
Housing and Community Affairs	3,286,097	1,131,546	34.43	0.77
Human Resources	150,657,924	2,470,938	1.64	1.68
Liquor Control	10,966,916	4,021,437	36.67	2.74
Police	18,460,940	2,434,414	13.19	1.66
Technology Services	38,082,690	11,747,348	30.85	78.00
Transportation	189,551,721	63,961,226	33.74	43.55
TOTAL	\$724,042,177	\$146,881,774	20.29%	100.00%

Chart 5: FY13 MFD Encumbrance By Department



* Detailed department reports can be viewed at the MFD website:
www.montgomerycountymd.gov/mfd under MFD Annual Report FY13, as attachment 1.



MONTGOMERY COUNTY OFFICE OF BUSINESS RELATIONS AND COMPLIANCE

SECTION V

MFD EXCLUSIONS AND WAIVERS FISCAL YEAR 2013

Procurements Excluded From Requirement: FY13

1. Exclusion By Regulations:

The total dollar value of all purchase orders in FY13 which by regulation were not subject to the MFD requirements were:

Procurement Category	Dollar Value
Grants	\$53,121,959
Public Entities	\$60,205,144
TOTAL	\$113,327,103

1. Exclusion By Waiver:

The total dollar value of contracts awarded under which minority business contracting requirements were waived equates \$35,189,027.

MFD Compliance Waiver Summary – FY13

A. Total Value Subject to MFD Requirement	\$738,407,857
B. Total MFD Dollars Waived	\$35,189,027
C. Total Dollar Value of MFD Awards	\$148,285,518
D. Total Number of MFD Awards	2,334
E. Waiver Actions	287
F. Percent of Contract Dollars Waived (B Divided by A)	4.77%
G. Percent of Total Dollars to MFDs (C Divided by A)	20.08%

Waiver Process

The Director, Department of General Services, may determine that a contractor has or has not satisfied the MFD requirement. The determination to waive the MFD requirements is based on the rationale that subcontracting cannot be effected. Examples of reasons for each type of waiver are provided on this page. On the next page, a number corresponding to the number of the reason for waiver given below (1 to 3) is used in the summary table of FY 13 waivers.

The goal-setting process is intended to determine in advance of a contract the reasonable expectation that the awardee shall exercise good faith. At any time, the Director, Department of General Services, may request a waiver, or the prospective contractors on their own initiative may request a waiver. The contractor must explain in writing to the Director why the goal could not be achieved. This explanation must demonstrate that the prime contractor's failure to meet the goal is for reasons beyond the contractor's control.

Full Waivers are granted under the following conditions:

1. *Good-Faith Efforts Impaired*

The prime contractor, in its effort to comply with MFD requirements, is also required to meet the costs and delivery schedules set by the County that cannot be met by an identified MFD sub-contractor(s), whose costs and schedules are in excess of those covered in the prime contractor's bid or proposal to the County. The result is that the prime contractor and the prospective minority businesses cannot come to terms.

2. *MFD Unavailable/Not Identifiable*

The apparent awardee, after extensive efforts and often with the support of the Office of Business Relations and Compliances, is unable to identify minority businesses that perform the type of work called for in the solicitation, or that MFD businesses possessing the required financial capacity or expertise are unavailable for work at the time the prime contractor requests their participation.

3. *MFD Involvement Not Possible*

Montgomery County agencies acquire goods or services through manufacturer direct distribution where the goods or services are delivered from the manufacturer directly. Or through manufacturer certified or licensed distributors that have a proprietary sale agreement with the manufacturer, and have exclusive rights from the manufacturer for the provision of the goods or services.

Summary Of FY13 MFD Waivers, By Month And Reason

Month	Reason For Waiver			Total Waivers
	1	2	3	
July 2012	0	0	12	12
August 2012	0	0	25	25
September 2012	1	0	15	16
October 2012	0	0	18	18
November 2012	0	0	23	23
December 2012	0	0	38	38
January 2013	0	0	29	29
February 2013	0	0	14	14
March 2013	0	0	30	30
April 2013	0	0	17	17
May 2013	0	0	22	22
June 2013	1	0	42	42
Totals:	2	0	285	287
Total Value of Waivers:	\$674,000	\$0	\$34,515,027	\$35,189,027

* Detailed waiver report can be viewed at the MFD website: www.montgomerycountymd.gov/mfd under MFD Annual Report FY13, as attachment 2.